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SUBJECT: SNAPSHOTS OF DIFFERING POLITICAL PRIORITIES IN MAY

REF: TORONTO 0090

Classified By: PolMinCouns Scott Bellard, reason 1.4 (d)

11. (C) Summary. Foreign Minister Bernier's sudden resignation on May 26 intensified the political pot-shooting in Parliament as it wraps up its spring session. It provided a gleeful Opposition with a welcome counter-message to Prime Minister Harper's May 27-29 four capital visit to Europe, originally aimed at promoting Canada's message on climate change. Ottawa continues to seek to maintain positive momentum on the Canadian Forces' mission in Afghanistan and military modernization. In contrast, provinces remain much more focused on local issues, with Vancouver worried about the border and crime, Toronto emphasizing the economy and environment, Calgary focusing on the tension between energy and the environment, and Atlantic Canada dissatisfied about insufficient federal funding for medical services. The concept of a carbon tax is also an important issue in a number of provinces, with British Columbia's tax set to take effect July 1, amid growing concerns. End Summary.

HARPER'S WOES  
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12. (C) On May 28, Mission Canada held its third monthly DVC with reporting officers from Embassy and constituent posts across Canada, as well as WHA/CAN representatives in Washington. (Montreal and Winnipeg were unable to participate.) The topic of this month's DVC was the current political environment throughout Canada. Poloffs noted that the resignation of Maxime Bernier as foreign minister on May 26 had at least briefly hurt the Conservative Party, but that the Liberals remained financially and organizationally unprepared for a campaign, making a 2008 election still unlikely, and again raising the possibility that the Conservatives could remain in power through the fixed election date of October 19, 2009.

13. (C) Prime Minister Harper had hoped to make a somewhat triumphant visit to Italy, France, England, and Germany May 27-29 to champion Canada's views on climate change with his counterparts and in a couple of major speeches, but found himself dogged by questions about Bernier's past lovelife and his careless handling of apparently classified documents related to the April NATO Summit. (Harper was further thrown off message when his press spokeswoman initially mis-briefed the traveling press corps that the Italian Prime Minister had agreed to lift caveats on Italian troops in Afghanistan; the irritated reporters had to retract their stories by phone from the Presidential plane in the air.) The May 23 conclusions of a Privy Council Office investigation of "NAFTA-gate" marginally cleared PM Chief of Staff Brodie and Ambassador to Washington Wilson of technical wrongdoing, but gave the Department of Foreign Affairs and International Trade some black marks on the handling of sensitive documents (not related to Bernier's).

14. (C) Subsequently, Opposition MPs from all three parties have rather gleefully been skewering the Conservatives in the daily Question Period, leading to intensified speculation

that the government would seek an early (perhaps June 6 but more likely the following week) summer recess, rather than sitting as scheduled until June 20. Pundits have also floated the idea that the PM will again prorogue the Commons to bring it back in the fall later than usual and to give the government a chance for another Throne Speech that could highlight the themes of an eventual federal election campaign.

15. (SBU) The Prime Minister still plans to travel to the Middle East during the week of June 17 and then to the G-8 Middle East during the week of June 17 and then to the G-8 Summit in Japan July 7-9.

BERNIER OUT, EMERSON IN...BUT ONLY TEMPORARILY?  
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16. (C) Politicians and officials in Ottawa mostly see a summer Cabinet reshuffle as likely, despite semi-official "leaks" to the contrary. Many believe that, while interim Foreign Minister David Emerson appears highly competent, there is a good chance he will not be PM Harper's final choice for the position. Bernier has clearly lost all credibility at the federal level, but Quebec City noted that his strong popularity within his riding seems largely unscathed. It appears likely he will maintain enough support from his constituency to remain in Parliament if he so chooses. There is speculation that, with Bernier having been the Cabinet's most prominent Quebecer, the PM may feel the need to promote another Quebecer to a high-profile position. Minister of Transport Lawrence Cannon is one possibility, but the number of Conservative politicians from Quebec genuinely

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ready to fill a Cabinet slot appears limited.

17. (C) Contrary to Bernier, Emerson is unpopular in his own riding, largely due to his decision to switch from the Liberal Party to the Conservative Party shortly after his 2006 election, according to Vancouver. He maintains a very favorable reputation at the federal level for his work as Trade Minister and Minister of the Pacific Gateway and the Vancouver Olympics. It seems likely that Emerson will remain Foreign Minister at least through the June 12 Afghan donors meeting and June 27 G8 ministerial.

AFGHANISTAN AND MILITARY MODERNIZATION  
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18. (SBU) Afghanistan and military modernization remain major priorities in Ottawa. The House of Commons' Special Committee on the Canadian Mission in Afghanistan has begun its work, and poloffs have been meeting with key members. It has yet to receive any real public attention, even though one of its mandates is to improve communication to the public on Afghanistan. The committee plans to visit Washington in August, and will travel to Afghanistan in September. We have offered our assistance. The House of Commons' National Defence Committee has separately just concluded a two-day visit to Afghanistan, and poloffs will meet with Conservative and Liberal members during the week of June 2 for read-outs. Regarding military modernization, PM Harper unrolled the government's "Canada First Defence Strategy" in Halifax on May 12. Posts agreed that the Canadian Forces (CF) are generally happy with the Harper government, as it has provided them with greater resources. The CF are nonetheless looking to ensure that with the roll-out of this "new" plan and the scheduled July 2008 departure of Chief of Defence Staff General Hillier, the government continues to provide them with the resources they need.

ALL POLITICS IS LOCAL  
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¶9. (C) Outside of Ottawa, however, the provinces remain more focused largely on local issues. In Vancouver, the border remains the number one issue, especially as it relates to the Vancouver Olympics. Crime is another major issue, with rising gang violence and armed robberies. Vancouver communities have expressed concern about the effectiveness of the Royal Canadian Mounted Police (RCMP), and have noted their frustration with law enforcement bodies and what they perceive as their lack of progress on making arrests, especially on over 30 recent gangland slayings. British Columbia residents are also concerned about the disconnect they see between law enforcement bodies and the judicial system. This could prove to be a major problem for the Conservatives -- a party that came to power on a rule of law and crime-fighting platform.

¶10. (C) In Toronto, Liberals appear to be discouraged and frustrated by Stephane Dion's leadership of the Liberal Party. There was noticeable disappointment with his May 15 Toronto speech on restructuring Canada's tax system, which failed to capture the attention of a crowd of business leaders and Toronto-area Liberal MPs. Ontarians see Liberals Bob Rae and Michael Ignatieff as viable alternatives to Dion, but believe they are holding back until it becomes apparent when the next election will take place. Toronto also commented that, with trade to the United States slowing and the price of gas increasing, the local economy is the top issue. Ontarians are also focused on the environment -- the "pet" issue of Ontario Premier Dalton McGuinty. The Ontario government does not view the federal government as a partner on the environment, however, and is looking instead to other provinces and U.S. states for cooperation.

¶11. (C) Halifax noted that federal nomination races are making headlines, as are claims that Ottawa has failed to provide Atlantic Canada with the funds necessary for the continuance of local medical services. Calgary remarked that, for Alberta and Saskatchewan, the main issue is the tension between energy and the environment, and specifically the disconnect between Canada's increasing focus on oil sands, and its concern with decreasing carbon emissions. While some residents are not completely content with the Conservative government, overall PM Harper remains very popular in the West, and people are pleased with his commitment that, if the United States re-opens NAFTA, Canada will re-open NAFTA's energy provisions.

#### LOOKING MORE CLOSELY AT CARBON TAXES

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¶12. (C) The concept of a carbon tax has started to become more of a real issue in many provinces. British Columbia's

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imminent new carbon tax, while still popular in theory with the majority of residents, is already starting to receive increased criticism from the business community, particularly as gas is becoming more expensive. Ontario is now considering its own carbon tax as part of the McGuinty government's focus on the environment, and is on track to develop additional nuclear power plants to replace its closing coal plants. Ontario is due to make an announcement about the location of a new plant in the coming days, and to announce a vendor and specific technology in the next month or two. Calgary added that the Alberta energy industry has come out relatively unopposed to a carbon tax, as it views a carbon tax as transparent way to distribute costs to the consumer.

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